

**RAINFOREST FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020 AND 2019**

**RAINFOREST FOUNDATION, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Rainforest Foundation, Inc.

We have audited the accompanying financial statements of Rainforest Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rainforest Foundation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 9 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. Many countries in Central and South America where Rainforest Foundation, Inc. implements and funds projects also issued emergency decrees. As a result, Rainforest Foundation, Inc. adapted some of its program activities to be consistent with the direction of national and local governmental authorities in the countries in which it operates. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
November 12, 2021

**RAINFOREST FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash (Note 8)	\$3,303,920	\$ 845,341
Investments (Notes 1c, 1d and 4)	64,849	33,210
Unconditional promises to give (Notes 1e and 5)		
Without donor restrictions	311,628	518,932
With donor restrictions	376,800	75,748
Prepaid expenses and other assets	16,067	11,270
Property and equipment, at cost, net of accumulated depreciation and amortization (Notes 1f and 6)	395	1,772
Security deposit	<u>5,200</u>	<u>13,500</u>
<b>Total Assets</b>	<u><u>\$4,078,859</u></u>	<u><u>\$1,499,773</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 128,609	\$ 45,354
Grants payable (Note 1g)	<u>747,310</u>	<u>-</u>
Total Liabilities	<u>875,919</u>	<u>45,354</u>
Commitments and Contingency (Notes 7 and 9)		
Net Assets		
Without donor restrictions	1,767,397	850,702
With donor restrictions (Note 3)	<u>1,435,543</u>	<u>603,717</u>
Total Net Assets	<u>3,202,940</u>	<u>1,454,419</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$4,078,859</u></u>	<u><u>\$1,499,773</u></u>

See notes to financial statements.

## RAINFOREST FOUNDATION, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Changes in Net Assets Without Restrictions</b>		
Revenue and Support		
Government grants (Notes 5b and 5c)	\$2,468,155	\$ 940,145
Contributions	3,428,025	2,518,789
Net investment income (loss) (Note 4)	1,084	(355)
Miscellaneous income	7,788	100
	<u>5,905,052</u>	<u>3,458,679</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	690,889	468,222
	<u>6,595,941</u>	<u>3,926,901</u>
Total Revenue and Support		
Expenses		
Program Services	5,025,503	2,877,701
Supporting Services		
Management and general	340,042	163,513
Fundraising	313,701	123,806
Total Supporting Services	<u>653,743</u>	<u>287,319</u>
Total Expenses	<u>5,679,246</u>	<u>3,165,020</u>
Increase in Net Assets Without Donor Restrictions	<u>916,695</u>	<u>761,881</u>
<b>Changes in Net Assets With Restrictions</b>		
Contributions	1,138,481	198,358
Government grants (Notes 5b and 5c)	409,634	-
Net assets released from restrictions	(690,889)	(468,222)
Foreign currency exchange loss	<u>(25,400)</u>	<u>(10,159)</u>
	<u>831,826</u>	<u>(280,023)</u>
Increase (Decrease) in Net Assets With Donor Restrictions		
Increase in net assets	1,748,521	481,858
Net assets, beginning of year	<u>1,454,419</u>	<u>972,561</u>
<b>Net Assets, End of Year</b>	<u><u>\$3,202,940</u></u>	<u><u>\$1,454,419</u></u>

See notes to financial statements.

**RAINFOREST FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019				
	Program Services	Supporting Services		Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Expenses		Management and General	Fundraising	Total Expenses
Salaries	\$ 585,124	\$ 149,824	\$ 132,254	\$ 867,202	\$ 471,376	\$ 63,750	\$ 70,175	\$ 605,301
Payroll taxes and employee benefits	144,133	36,906	32,578	213,617	113,332	15,327	16,872	145,531
Grants	3,553,306	-	-	3,553,306	1,414,486	-	-	1,414,486
Professional fees	45,513	89,707	93,432	228,652	34,200	48,837	16,132	99,169
Program expenses	335,311	-	-	335,311	358,979	-	-	358,979
Information technology	31,866	8,160	7,203	47,229	10,566	1,429	1,573	13,568
Printing and copying	4,026	3,000	11,000	18,026	1,989	269	296	2,554
Office expense	31,784	21,432	9,465	62,681	24,301	13,674	1,737	39,712
Supplies	89,460	2,000	2,000	93,460	5,070	686	755	6,511
Occupancy	51,537	13,196	11,649	76,382	57,124	7,726	8,504	73,354
Insurance	4,352	1,114	984	6,450	1,533	208	228	1,969
Advertising and communications	32,374	11,705	11,705	55,784	38,501	-	6,794	45,295
Travel	109,983	-	-	109,983	343,266	5,131	297	348,694
Miscellaneous expenses	6,734	1,621	1,431	9,786	2,978	4,703	443	8,124
Total expenses before depreciation and amortization	5,025,503	338,665	313,701	5,677,869	2,877,701	161,740	123,806	3,163,247
Depreciation and amortization	-	1,377	-	1,377	-	1,773	-	1,773
Total Expenses	<u>\$5,025,503</u>	<u>\$ 340,042</u>	<u>\$ 313,701</u>	<u>\$5,679,246</u>	<u>\$2,877,701</u>	<u>\$ 163,513</u>	<u>\$ 123,806</u>	<u>\$3,165,020</u>

See notes to financial statements.

## RAINFOREST FOUNDATION, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$1,748,521	\$481,858
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,377	1,773
Donated securities	(40,750)	(182,241)
Unrealized (gain) loss on investments	1,905	(1,710)
Realized (gain) loss on investments	(2,814)	2,210
(Increase) decrease in:		
Unconditional promises to give	(93,748)	(408,753)
Prepaid expenses and other assets	(4,797)	7,688
Security deposit	8,300	-
Increase (decrease) in:		
Accounts payable and accrued expenses	83,255	(27,891)
Grants payable	747,310	-
Net Cash Provided (Used) By Operating Activities	<u>2,448,559</u>	<u>(127,066)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(72,560)	-
Proceeds from sales of investments	82,580	148,955
Net Cash Provided By Investing Activities	<u>10,020</u>	<u>148,955</u>
Net increase in cash	2,458,579	21,889
Cash, beginning of year	<u>845,341</u>	<u>823,452</u>
<b>Cash, End of Year</b>	<u>\$3,303,920</u>	<u>\$845,341</u>

See notes to financial statements.



**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

Rainforest Foundation, Inc. (the "Organization") was incorporated in 1988 in accordance with State of California Not-For-Profit Corporation Law. The mission of the Organization is to support indigenous people and traditional populations of the rainforest in their efforts to protect their environment and fulfill their rights.

The Organization assists them in securing and controlling the natural resources necessary for their long-term well-being and managing these resources in ways which do not harm their environment, violate their culture or compromise their future. The Organization also assists in developing the means to protect their individual and collective rights and obtain, shape and control basic services.

b - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

c - Investments

The Organization reflects investments at fair value in the statement of financial position. Investment income, including unrealized gains and losses on investments, are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

d - Fair Value Measurements

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Organization uses the higher priority valuation techniques based on available inputs to measure fair values. The fair value of the Organization's investments in exchange-traded closed-end funds and common stock are measured using Level 1 inputs, quoted prices in active markets.

e - Unconditional Promises to Give and Contributions

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance, if necessary, is based on management's analysis of specific promises made.

f - Property and Equipment

Purchased property and equipment are carried at cost and are depreciated using the straight-line method over the estimated useful life of the related asset.

g - Grants

Grants are accrued when authorized. Grants payable are due to be paid within one year.

h - Advertising

The Organization expenses the cost of advertising as incurred.

i - Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

j - Tax Status

The Organization is a not-for-profit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

k - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities. The expenses that are allocated include salaries, payroll taxes and employee benefits, insurance, general office expenses, and occupancy costs, which are allocated based on employee time and effort.

l - Subsequent Events

The Organization has evaluated subsequent events through November 12, 2021, the date that the financial statements are considered available to be issued.

m - Prior Year Information

For comparability, certain 2019 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2020.

**Note 2 - Information Regarding Liquidity and Availability**

The Organization operates with a balanced budget for each year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the year, and revenue from other sources earned during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to management and general and fundraising activities undertaken to support those services. The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations.

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Organization's financial assets as of December 31, and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash	\$3,303,920	\$ 845,341
Investments	64,849	33,210
Unconditional promises to give	<u>688,428</u>	<u>594,680</u>
Total Financial Assets	4,057,197	1,473,231
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(1,435,543)	(603,717)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>1,435,543</u>	<u>603,717</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$4,057,197</u>	<u>\$1,473,231</u>

**Note 3 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or period as of December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose	\$1,068,743	\$216,480
Subject to passage of time	<u>366,800</u>	<u>387,237</u>
Total Net Assets With Donor Restrictions	<u>\$1,435,543</u>	<u>\$603,717</u>

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 4 - Investments**

Investments are classified within Level 1 of the fair value hierarchy and consist of the following as of December 31:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$62,951	\$62,951	\$ 586	\$ 586
Exchange-traded and closed-end funds	-	-	6,039	6,019
Common stock	<u>1,859</u>	<u>1,898</u>	<u>24,641</u>	<u>26,605</u>
	<u>\$64,810</u>	<u>\$64,849</u>	<u>\$31,266</u>	<u>\$33,210</u>

Net investment income (loss) consists of the following for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 175	\$ 145
Realized gain (loss)	2,814	(2,210)
Unrealized gain (loss)	<u>(1,905)</u>	<u>1,710</u>
Net Investment Income (Loss)	<u>\$1,084</u>	<u>\$ (355)</u>

**Note 5 - Promises to Give**

a - Unconditional Promises to Give

At December 31, 2020 and 2019, unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

Amounts due from one donor represents 44% of unconditional promises to give as of December 31, 2020.

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 5 - Promises to Give (continued)**

b - Conditional Promises to Give

The Organization was awarded a grant by an agency of the Norwegian government of approximately \$4.2 million over a five-year period, 2016 to 2020, toward a project designed to protect the forests in Guyana. The term of the grant was subsequently extended through March 2021. The Organization received \$706,798 and \$940,145 under the grant in 2020 and 2019, respectively. During 2020 and 2019, the Organization incurred costs related to the grant of \$799,709 and \$945,276, respectively.

In connection with the grant, the Organization awarded \$464,216 and \$753,980 to subgrantees for 2020 and 2019, respectively. Based upon audited financial statements of the subgrantees, which were audited by other auditors, the total amount of grants disbursed by the Organization to the subgrantees as of December 31, 2020 exceeded related expenses incurred by \$148,605. These remaining grant funds will be expended by the subgrantees in 2021.

The grant was awarded in Norwegian krone and is subject to fluctuations in currency exchange rates.

In October 2021, the Organization was awarded a grant by an agency of the United States federal government of approximately \$2 million over a three-year period towards a project aimed to expand and consolidate the regional structure of the Mesoamerican Alliance of Peoples and Forests to support its member organizations.

c - Government Grant

During the year ended December 31, 2020, the Organization received a government grant of approximately \$2 million for the Amazon Emergency Fund.

**Note 6 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Computer equipment	5 years	\$27,268	\$27,268
Computer software	3 years	<u>10,221</u>	<u>10,221</u>
		37,489	37,489
Less: Accumulated depreciation and amortization		<u>(37,094)</u>	<u>(35,717)</u>
Total		<u>\$ 395</u>	<u>\$ 1,772</u>

**RAINFOREST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 7 - Commitments**

The Organization occupied office space under a lease agreement which expired May 31, 2020 and was subsequently rented on a month-to-month basis through August 2020.

In August 2020, the Organization entered into lease agreements for office space and storage which expire December 31, 2023.

Minimum annual obligations under these lease agreements are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 51,024
2022	52,536
2023	<u>54,048</u>
	<u>\$157,608</u>

Rent expense for the years ended December 31, 2020 and 2019 was \$69,036 and \$68,753, respectively.

**Note 8 - Concentration of Credit Risk**

The Organization maintains its cash balances in a financial institution located in New York City. The cash balances, at times, may exceed federally insured limits.

**Note 9 - Risks and Uncertainties**

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. Many countries in Central and South America where the Organization implements and funds projects also issued emergency decrees. As a result, the Organization has adapted some of its program activities to be consistent with the direction of national and local governmental authorities in the countries in which it operates.

**SUPPLEMENTARY INFORMATION**





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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Rainforest Foundation, Inc.

We have audited the financial statements of Rainforest Foundation, Inc. as of and for the years ended December 31, 2020 and 2019, and our report thereon dated November 12, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Government Grant Income and Expenses for the year ended December 31, 2020 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lutz + Carr, LLP*

New York, New York  
November 12, 2021

**RAINFOREST FOUNDATION, INC.**

**SCHEDULE OF GOVERNMENT GRANT INCOME AND EXPENSES**

**YEAR ENDED DECEMBER 31, 2020**

Grantor: The Norwegian Agency for Development Cooperation

Purpose of Grant: Protecting forests through protecting rights in Guyana

Grant Number: GUY-16/000

Grant Period: January 2016 to March 2021

Grant Income	<u>\$706,798</u>
Expenses	
Subgrants	
Forest Peoples Programme	\$110,994
Amerindian Peoples Association	296,141
The South Central Peoples Development Association	<u>57,081</u>
Total Subgrants	\$464,216
Salaries	190,649
Payroll taxes and employee benefits	38,231
Professional fees	22,500
Travel	3,410
Indirect	49,291
Loss on currency exchange	25,400
Miscellaneous	<u>6,012</u>
	<u>\$799,709</u>

Note: Based upon audited financial statements of the subgrantees, grants disbursed to the subgrantees as of December 31, 2020 exceeded related expenses incurred by \$148,605. These remaining grant funds will be expended by the subgrantees in 2021.

**See independent auditors' report on supplementary information.**